1	A That is correct.
2	Q You have read the opinion enough times to
3	be comfortable with these questions, haven't you?
4	A Yes, as along as you understand, I am
5	answering them from the perspective of an economist.
6	Q Understood.
7	A And the framework of analysis. And your
8	question earlier that started this discussion asked
9	what the Court found and whether it was talking about
10	all the poles or the poles specific to the case. What
11	I am trying to say is in the language of it I am
12	citing here, this is very generic language that would
13	apply to all poles.
14	Q But that is not what the Court was
15	applying that language to in the decision?
16	A Well, I'll leave that obviously up to the
17	lawyers to decide in terms of what the Court was
18	addressing, and I don't wouldn't venture to talk
19	about precedent or anything like that. I'm talking
20	about economics that the Court cites in that decision,
21	and that's what my testimony addresses, the underlying
22	concepts of full capacity and lost opportunity and

1	economic reality. That's what my testimony addresses
2	and those are generic discussions of the properties of
3	poles.
4	Q So to be clear, you are not here today
5	offering an opinion on whose poles, if any, the Court
6	decided were nonrivalrous?
7	A I again, I don't want to get into a
8	discussion of my interpretation of what the decision
9	applied to or didn't apply to. But as far as the
10	finding of rivalrous, the Court has a discussion as to
L1	under what conditions poles would be rivalrous or not
L2	rivalrous. I don't believe they made a finding as
13	toward that. It was more to the extent of setting
14	forth criteria upon which an evidentiary review would
L5	be made, and that's why we're here in this case.
16	Q Ms. Kravtin, what I asked you is whether
17	you are here offering an opinion on whose poles, if
L8	any, the Court found to be nonrivalrous in the Alabama
19	Power case.
20	A Well, again I think I'm having a problem
21	with what seems to be a presumption within your
22	question as to what the Court found.

1	Q I'm not making any presumptions, Ms.
2	Kravtin, and I'm just trying to figure out what you
3	are here testifying about and what you're not.
4	A Could I ask you to repeat your question?
5	Because it did seem to me you were that embedded in
6	that was an assumption that the Court made a finding
7	about rivalrous.
8	Q Let me set it up this way. I'm asking you
9	a question that is attempting to figure out what you
10	are or are not here to testify about. Is that a fair
11	purpose?
12	A Yes.
13	Q Are you testifying, are you offering an
13 14	Q Are you testifying, are you offering an opinion in this case about whose poles, if any, the
14	opinion in this case about whose poles, if any, the
14 15	opinion in this case about whose poles, if any, the <pre>Alabama Power court found to be nonrivalrous?</pre>
14 15 16	opinion in this case about whose poles, if any, the Alabama Power court found to be nonrivalrous? A Well, again I don't see it as a question
14 15 16	opinion in this case about whose poles, if any, the Alabama Power court found to be nonrivalrous? A Well, again I don't see it as a question of whose poles; I see it as a question as toward the
14 15 16 17 18	opinion in this case about whose poles, if any, the Alabama Power court found to be nonrivalrous? A Well, again I don't see it as a question of whose poles; I see it as a question as toward the basis for the criteria laid out by the Court.
14 15 16 17 18	opinion in this case about whose poles, if any, the Alabama Power court found to be nonrivalrous? A Well, again I don't see it as a question of whose poles; I see it as a question as toward the basis for the criteria laid out by the Court. Q Ms. Kravtin, if you would, please, turn to

1	one entity's use of a resource does not diminish or
2	preclude the use by another."
3	Do you see that?
4	A Yes, I do.
5	Q And do you believe that to be a fairly
6	accepted definition of a nonrival resource?
7	A Yes.
8	Q Would you also agree with this definition
9	of nonrival:
10	"A nonrival good is one whose consumption
11	by one person does not diminish its availability for
12	others."
13	A Yes, I think they sound roughly
14	equivalent.
15	Q In the quote from your testimony that I
16	just read, you used the pie analogy, where if one
17	person eats a slice of pie, then the other person's
18	share goes down. Is that accurate?
19	A Yes.
20	Q Ms. Kravtin, I direct your attention to a
21	demonstrative aid that we have we have used earlier
22	in this trial. Have you ever seen a diagram like this

1	before?
2	A Yes, I have.
3	Q And you understand that that represents an
4	average 40-foot pole?
5	A I understand that is Gulf's representation
6	of its contractual agreements regarding a 40-foot
7	pole.
8	Q And you're actually somewhat familiar with
9	those contractual agreements, aren't you?
10	A It depends on what you mean by somewhat
11	familiar. I certainly am familiar with the existence
12	of joint use agreements and understand what generally
13	is involved in them, but I am not really familiar with
14	this particular joint use agreement that apparently
15	these diagrams are based on.
16	Q Not familiar? I mean you actually
17	testified in your written prefiled direct testimony
18	about the space allocations in the joint use
L9	agreements?
20	A Yes.
21	Q So you are familiar with the space
22	allocations in those agreements?

- }	A Yes. I thought your earlier question
2	asked me if I was very familiar with the agreements
3	themselves.
4	Q That was a bad question.
5	A To the extent I testified on the space
6	allocations are present in those, certainly, yes, I am
7	familiar with that based on my review of depositions
8	and other evidence in this case.
9	Q And so you are aware that under the joint
10	use agreements the space allocation works like this:
11	Gulf has the top 8 1/2 feet. There's 40 inches
12	separation for the communication worker safety zone.
13	And there's 3 feet contracted to the incumbent local
14	exchange carrier.
15	Right now I just want you to answer my
16	question based on your understanding of the joint use
17	agreements.
18	A I'm sorry, did you have a question
19	outstanding?
20	Q I did.
21	A To me?
22	Q Do you want me to repeat it?

1	A I do because I didn't understand that to
2	be a question.
3	Q It was. You understand that under the
4	joint use agreements, a 40-foot pole is allocated as
5	follows: 8-1/2 feet to Gulf, the top 8-1/2 feet; 40
6	inches of separation for the communication worker
7	safety zone; and 3 feet contracted to the incumbent
8	local exchange carrier?
9	A I understand that is Gulf's
10	representation.
11	Q In the joint use agreements?
12	A Yes.
13	Q Which you have testified about?
14	A Yes, I understand that to be Gulf's
15	representation.
16	Q And so what we have here on the screen
17	right now in some ways represents the pie, doesn't it?
18	A I would not agree with that, no.
19	Q Ms. Kravtin, is that because you can bake
20	another pie?
21	A That's because, as I discuss at length in
22	my testimony, what makes poles unique is the
	1

availability of the make-ready process by which poles are augmented and strengthened and rearranged, and that is an inherent part of the way poles are provisioned. So this is one snapshot or one representation. But I don't think it really captures the full pie in terms of how pole space is made available. I think that's discussed at length in my testimony.

Q So to use your analogy, as long as you've got apples and flour and eggs, there's no such thing as a pie, a defined pie?

A I don't think it's a good analogy. In the case of a pie, if I eat a piece, it really is not available for you to eat a piece. I don't think that that is a good analogy to poles. The issue of rivalrous -- and I want to get back to that definition that you used, and that was -- what it -- what that definition you cited, which I said was generally prevalent but it didn't talk about the important characteristic of rivalrous, which is that it implies an exclusion. So when you talk about available, it would mean that if it's available to one, it's not

1 | available to another.

So in the pie example, if I eat it, it's not available to you. In the pole example, you know, an entity could be placed on the pole, but through make-ready that entity's placement wouldn't necessarily preclude another from attaching.

Q Let's talk about this pole on the screen right now. The pole represented by this diagram. This 40-foot pole. You can see that; correct?

A Yes.

Q And if the cable company takes a foot of the usable space, that's a foot of the usable space that Gulf Power cannot use?

A You know, in terms of that particular foot of space, again I don't believe that is germane to the economic definition of rivalrous, which would imply exclusion, in terms of exclusion from the pole, because that space on that pole is going to be fungible, and I think in real life, with all the pictures that I've seen -- although Mr. Harrelson will be addressing those in detail. But certainly looking at it in a real-world setting, those wires look like

1	they're all over the place, and it looked like Gulf
2	was not necessarily just in the space here designated
3	at power space, and there are different relationships
4	of wires of different entities on different places on
5	the pole.
6	Q Ms. Kravtin, you are not offering
7	engineering testimony in this case, are you?
8	A No, I'm not. I indicated Mr. Harrelson
9	would be addressing that aspect of it, but I believe
10	that the pictures that I did review do support what I
11	was just indicating as a difference from this
12	schematic diagram you have up here.
i	
13	Q Then I want to get back to this diagram.
13 14	Q Then I want to get back to this diagram. A Okay.
	A Okay.
14	A Okay.
14 15	A Okay. Q I don't want to talk about what would
14 15 16	A Okay. Q I don't want to talk about what would happen if we changed things around on this diagram or
14 15 16 17	A Okay. Q I don't want to talk about what would happen if we changed things around on this diagram or if we put a bigger diagram up. I want to talk about
14 15 16 17	A Okay. Q I don't want to talk about what would happen if we changed things around on this diagram or if we put a bigger diagram up. I want to talk about this one for a second.
14 15 16 17 18	A Okay. Q I don't want to talk about what would happen if we changed things around on this diagram or if we put a bigger diagram up. I want to talk about this one for a second. JUDGE SIPPEL: Well, this is the one of

1	this case; right?
2	MR. LANGLEY: Yes. I was under the
3	impression this had been marked. Am I wrong about
4	that?
5	MR. CAMPBELL: They have not been marked.
6	We were going to do that as a housekeeping item and
7	clean that up with the court reporter. We haven't
8	gotten to that yet, given our schedule.
9	JUDGE SIPPEL: No, this is not a
10	criticism. I just wanted to be I'm just trying to
11	clarify the record, you know, three months from now.
12	What we're looking at, is this called a stick diagram
13	or something like that?
14	MR. CAMPBELL: I think that's a good
15	handle to put on it. It's called a stick diagram.
16	JUDGE SIPPEL: So this is no there's no
17	wires on this diagram? Just so the transcript
18	reflects what the witness is testifying to.
19	MR. LANGLEY: That is correct, Your Honor.
20	JUDGE SIPPEL: Right. And this will be -
21	- we know that it's going to get marked eventually,
22	but this is the second one that you put in as a

1	demonstrative diagram in the context of trying this
2	case. That's all I need to say. I'm sorry, Ms.
3	Kravtin.
4	BY MR. LANGLEY:
5	Q Ms. Kravtin, going back to the diagram, do
6	you see the cable space being represented by the light
7	blue area on this stick diagram?
8	A Yes, I do.
9	Q And that that's supposed to represent one
10	foot of the usable space?
11	A Yes.
12	Q And if the cable company attaches a wire
13	in that one foot of space, that is space that is no
14	longer available for Gulf Power?
15	A Well, again I think we're confusing, in
16	terms of confusing that one foot of space that's shown
17	on that diagram, with really what we're talking about
18	in terms of the <u>APCo</u> test and the issue of rivalrous,
19	and that's why I'm trying to tie them together.
20	Because the issue of whether space is available in
21	terms of the rivalrous of the pole will deal with
22	whether another entity was actually excluded from

1	space on the pole. We are not talking about that
2	particular foot of the cable space, the cable
3	operator, because they are paying the cable rate for
4	which Gulf is receiving compensation. The issue under
5	APCo is whether is there other entities that are
6	excluded from the pole other than cable because of
7	cable's existence. And in that context, I'm saying
8	that diagram does not represent that there would be a
9	rivalrous condition on the pole, irregardless of
10	whether this diagram is showing cable in that space or
11	not.
12	Q And I must have asked a bad question
13	because I was talking about this pole, and then you
14	answered with the <u>APCo</u> FCC test. And I want to talk
15	about this pole for a second. Is the okay?
16	A Well, I'm trying to keep it to what my
17	testimony is addressing.
18	Q Well, your testimony addresses the concept
19	of rivalrous property, doesn't it?
20	A In the context of that term and the
21	criteria of full capacity and lost opportunity, under
22	the APCo decision. That's my understanding of why we

1	are all here today.
2	Q Ms. Kravtin, can I get an answer to my
3	original question, though, which was if a cable
4	company attaches in that light blue space, that is
5	space that is not on this pole that is not
6	available to Gulf Power?
7	MR. SEIVER: I want to object, Your Honor.
8	I wanted to let Mr. Langley do what he wants to do,
9	but we keep hearing about "this pole." This is a
10	demonstrative exhibit, and it's not a pole that
11	exists, and to keep saying "on this pole," I think the
12	record is going to be misleading as if we have a
13	precise pole. I just wanted to make that clear.
14	JUDGE SIPPEL: Well, okay. Go ahead, Mr.
15	Langley.
16	BY MR. LANGLEY:
17	Q Ms. Kravtin, can you answer the question
18	based on this demonstrative aid that's on the screen
19	right now?
20	A I don't believe this demonstrative figure
21	can allow me to answer the question you have asked in
22	a meaningful real-world way. This is a diagram

1	prepared by Gulf. I can say that Gulf has put those
2	lines on the graph and that as Gulf has shown it, that
3	is what it shows. But it doesn't address economic
4	issues that I raise and that I believe are raised in
5	APCo in terms of rivalrous and whether there is full
6	capacity on that pole and whether there is a lost
7	opportunity to Gulf.
8	MR. LANGLEY: Katy, will you pull up
9	Exhibit 42, page 40. Mind flipping that around for
10	me?
11	BY MR. LANGLEY:
12	Q Ms. Kravtin, have you seen this pole
13	before?
14	A I can't recall. I certainly did review
15	pictures that were in the exhibits that were presented
16	in the hearing room also, and also Mr. Harrelson's
17	testimony. But I wouldn't recognize this particular
18	pole, no.
19	Q And for identification purposes, this is
20	Gulf Power Exhibit 42, page 40. Ms. Kravtin, can you
21	point out where the cable operator is attached on that
22	pole?

1	A No, I cannot.
2	Q Why don't you assume for me that the cable
3	operator is the second attachment up from the bottom.
4	Do you see what I'm talking about?
5	A Yes, and that would have been what I would
6	have assumed, but I will leave the specific
7	designation to Mr. Harrelson.
8	Q And you are aware that the one foot of
9	space, one foot of usable space we keep talking about,
10	is a function of the 12-inch clearance requirement?
L1	A I don't know how to answer that. I mean
12	I certainly understand the one-foot space to be that
13	space that is designated as allocated to cable.
14	Q So in
15	A Based on a presumption, yes.
16	Q So when the second attachment up attaches
17	to the pole, there's got to be 12 inches above that
18	before any communications wire can go; correct?
19	A Yes, I understand that to be the case.
20	Q And if the next thing up, for example, is
21	a power secondary, it's got to be at least 40 inches?
22	You know that, don't you?

1	A Yes, I understand that to be the
2	presumption.
3	Q And so when a cable company and we'll
4	assume that this one is Cox. When a cable company
5	puts its wire on that pole, page 40 of Gulf Power
6	Exhibit 42, that one foot of space is no longer
7	available for Gulf Power or anyone else, is it?
8	MR. SEIVER: I'm going to object just as
9	a characterization, but I think the witness can
10	JUDGE SIPPEL: I'll overrule the
11	objection.
12	THE WITNESS: Well, here's my answer. I
13	think I testified to this in some degree, that from an
14	economic standpoint, it doesn't make economic sense to
15	look at this one snapshot at this one point in time
16	and make decisions as to what is available either to
17	the power company for its own use or to another
18	potential attacher; that you need to look at the pole
19	in terms of its dynamic nature and the ordinary and
20	routine processes by which pole companies make space
21	available. So we can't determine based on that and
22	where that wire is as to whether Gulf would be

1	precluded from having space for either a higher value
2	use of its own or another tap. It's my understanding
3	that Gulf has not provided evidence of situations
4	where it has been able to accommodate its own
5	attachment or that of another based on the presence of
6	a cable attachment. And I believe I cited that
7	language in my testimony.
8	So from my standpoint, Gulf has said that
9	the existence of that cable attachment has not
10	precluded it from being able to accommodate the use of
11	its own of that of another attachment.
12	BY MR. LANGLEY:
13	Q Ms. Kravtin, again I am talking about this
14	pole. Page 40
15	A As am I.
16	Q Gulf Power Exhibit 42. The one that's
	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
17	on the screen. Not some future pole, this pole.
17 18	
	on the screen. Not some future pole, this pole.
18	on the screen. Not some future pole, this pole. A I'm talking about this pole, too, because
18 19	on the screen. Not some future pole, this pole. A I'm talking about this pole, too, because this pole would be just as much as a candidate for

T	around the pole are.
2	Q You are not offering expert testimony on
3	the make-ready process, are you?
4	A I'm certainly providing testimony as to
5	the role of make-ready, relative to the concepts of
6	the economic concepts of full capacity and lost
7	opportunity. I believe a great deal of my testimony
8	does talk about the role of make-ready. That's
9	different than saying I'm an expert in the engineering
10	process of make-ready. Mr. Harrelson would serve that
11	role.
12	Q You don't know what goes into make-ready?
13	You don't know how that's done, do you?
14	A I certainly understand the basic functions
15	that go into make-ready. That's different from saying
16	that I could, you know, go on the pole and the truck
17	and do it. But I understand the sorts of resources
18	and activities that are involved in rearranging or
19	strengthening or changing out a pole.
20	Q Ms. Kravtin, turn to page 28 of your
21	prefiled written direct testimony. And in the middle
22	of the page, I think this is what you were talking

1	about when you kept referring to dynamic nature of
2	poles. You say in the middle of the page:
3	"Productive capacity on poles can be
4	harnessed generally as fast as the paperwork can be
5	processed and a technician can be called down to
6	rearrange attachments or a taller pole can be
7	transferred from inventory."
8	Is that accurate?
9	A That is my testimony, yes.
10	Q That's your testimony in this case?
11	A Well, you just read it from my testimony.
12	Q But it's just that simple?
13	A Well, I don't think I address the
14	simplicity of it, but what I do address in terms of
15	the timeframe and ability of the utility to perform
16	make-ready in the normal course of its business
17	routines.
18	Q Well, you don't know how long it takes to
19	perform make-ready, do you?
20	A I don't know the precise time, no. But I
21	know that it is performed in the context of permitting
22	accommodations of attachments on poles and it is

1	routinely performed, and that it is, you know, one of
2	the processes by which attachments are made.
3	Q You're aware that sometimes it can take
4	months?
5	A Yes, I'm aware that in some cases there
6	will be a variable timeframe for make-ready. What I
7	also understand is the customary way by which Gulf
8	Power and other utilities are able to accommodate
9	attachments so that they don't have to exclude
10	attachments from the pole that come along.
11	Q Ms. Kravtin, I want to go back to the more
12	general concept of a nonrival good. Have you seen
13	charts in economic text that plot on the lower left-
14	hand corner the most rivalrous good and on the upper
15	right-hand corner the most nonrivalrous good?
16	A I'm not sure I have seen such a graph. Do
17	you have one you'd like to show me?
18	Q Sure.
19	MR. LANGLEY: Your Honor, may I approach
20	the witness?
21	JUDGE SIPPEL: For what purpose?
22	MR. LANGLEY: She asked me to show her the
	·

1	graph that I was referencing.
2	JUDGE SIPPEL: Can we get it up on the
3	screen?
4	MR. LANGLEY: Sure. We can.
5	JUDGE SIPPEL: See if she can work off of
6	if Ms. Kravtin can work off the screen. If not
7	BY MR. LANGLEY:
8	Q Would you go to the third page of that?
9	JUDGE SIPPEL: Is this an exhibit?
10	(Gulf Power Exhibit 71
L1	marked for identification.)
L2	MR. LANGLEY: I have just marked it as
L3	Gulf Power Exhibit 71 and was prepared to give a copy
14	to the Court, counsel, and the witness.
15	JUDGE SIPPEL: All right. Well, you can
16	pass one up here.
17	MR. LANGLEY: May I?
18	JUDGE SIPPEL: Sure. Watch the cable
19	there. I see you have it premarked. Good. Gulf
20	Power Exhibit 71 for identification.
21	BY MR. LANGLEY:
22	Q Ms. Kravtin, you know who Ben Bernanke is,

1	don't you?
2	A I certainly do now.
3	Q He's the chairman of the Fed?
4	A Yes.
5	Q Were you aware that he had written a
6	widely used economic text?
7	A I certainly was aware that he was in the
8	academic world. I can't say that I was familiar with
9	his particular textbook.
10	Q You went to school with him, didn't you?
11	At MIT? Were y'all not there at the same time?
12	A I don't believe we were.
13	Q Okay. If you would look at the third page
14	of what I have marked as marked for identification
15	purposes as Gulf Power Exhibit 71, and you see that
16	part just below the midpoint on the page?
17	A Table 15.1?
18	Q Table 15.1, yes, ma'am.
19	MR. SEIVER: Just for clarity, that's the
20	fourth page of the exhibit.
21	MR. LANGLEY: Oh. I'm sorry. Thank you.
22	BY MR. LANGLEY:

1	Q Have you seen chart like that before?
2	A No, I have not.
3	Q Do you remember stating what this chart
4	represents? As an economist?
5	MR. SEIVER: Your Honor, since she hasn't
6	seen this chart before, could we give the witness some
7	time to read the text if she needs, or to look at this
8	before she has any more questions?
9	JUDGE SIPPEL: Yes. Take as much time as
10	you need.
11	THE WITNESS: Thank you.
12	JUDGE SIPPEL: Let's go off the record and
13	then you can tell us when you're ready to go.
14	(Discussion off the record.)
15	JUDGE SIPPEL: Back on the record.
16	Mr. Langley.
17	BY MR. LANGLEY:
18	Q Ms. Kravtin, do you now understand what
19	this chart, identified as table 15.1 on the fourth
20	page of Gulf Power Exhibit 71, represents?
21	A Yes, I understand the basic nature of this
22	chart, yes. I am totally familiar with the contents

1	of it, even though I haven't seen this particular
2	chart.
3	Q And you understand that to the far right
4	of the chart are plotted the most rival goods and on
5	the far right of the chart applied the least rival
6	goods? Is that accurate?
7	JUDGE SIPPEL: You said right both times.
8	BY MR. LANGLEY:
9	Q Excuse me. On the left-hand side of that
10	chart are the least rival goods excuse me, are the
11	most rival goods, and on the right-hand chart are the
12	least rival goods.
13	A Yes. But on the left it's showing low
14	volume rival which would mean more rival.
15	Q So are we together now on what this chart
16	
17	(Laughter.)
18	A Probably as much as the economist yeah.
19	I might have presented it a little differently if I
20	was drawing for
21	Q Let's see if we can draw it out this way.
22	On the bottom left-hand corner, we have private good